Order Management

OMNI-1000 Research: Nordics

Are Retailers TRULY Offering Omni-Channel Services To Shoppers?

Executive Summary

OrderDynamics' Omni-1000 is fact-based research, investigating over 1000 retailer websites around the world. Rather than asking retail executives about whether they believe they are executing omni-channel retail strategies, this research looks for omni-channel retail in action. The research uses a 'random-walk' methodology; investigating the websites, policies and capabilities of retailers to deliver on services like in-store pickup orders, return in-store capabilities, and the level of inventory visibility provided.

When focusing on the Nordic market, it is clear that 57.5% of retailers offer buy online, pickup in-store (BOPIS) services, also known as click and collect. This means the Nordic retail environment is in a mature phase of omni-channel adoption. However, there is still a significant opportunity for retailers to leverage order management technologies to optimize their business processes. For example, ship-from-store capabilities may be common, but consolidating orders into one shipment saves considerable costs - yet it is an extremely rare capability.

Among the retailers in the market with omni-channel capabilities, there remain aspects to improve. Of the click and collect retailers, 50.0% advertise their in-store pickup capabilities on their first web page. Half of the retailers kept the service hidden until the end of the online buying journey, at checkout. Much too late, to make an impact with consumers.

Although inventory visibility is broadly offered on many retailer sites, higher level details like the exact number of units of an item found at a particular store, are offered only by a minority of merchants.

All told, the following research offers many observations of common practices across the Nordic retail industry, from an omni-channel perspective. Several charts with averages, lows and peaks provide a benchmark that retailers will find helpful to compare against their own capabilities.

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Research Methodology

OrderDynamics' Omni-1000 research is based on a 'random-walk' methodology, directly assessing retailer websites for the presence of omni-channel capabilities offered to shoppers. A random walk approach means the research did not expressly include or exclude retailers based on predefined ratios. Retailers across the Nordics were found across various categories and geographies. In total, 80 websites were analyzed for the Nordic portion of this international study. The next page expresses the retailer groups used for the research by retail sub-sector (fashion, specialty, footwear...), retail chain size in terms of number of stores or locations across the Nordics, and the eCommerce Platform (eCP) used by each retailer.

Although a 'random-walk' method may appear hap-hazard, a comparison across the various countries included shows similar store count, eCP use, and retail category breakdowns.

Data and web analysis for the Orderdynamics' Omni-1000 spanned from May to June 2017. The Nordic portion of the OMNI-1000 research was updated in September 2017. The research presented reflects the capabilities of the retailers in the study, as expressed through their website offerings to shoppers during this time.

Retailers selected for the study include only those with ten or more physical store locations. This study only includes retailers with some form of web-presence. It is important to note that although all retailers in this study have an online presence, not all have ecommerce capabilities or an ecommerce strategy.

For the Nordic research portion of the Omni-1000 research, the total of 80 samples breaks down into significantly smaller sub-sectors. Readers are reminded of the smaller sample sizes for the sub-sector observations. Results from these smaller groupings are indicative, or directional in nature - rather than statistically conclusive. Regardless, this information can be relevant and helpful to retailers operating in the Nordics. A large number of retailers in the region were disqualified from the study as a result of having fewer than 10 store locations here.

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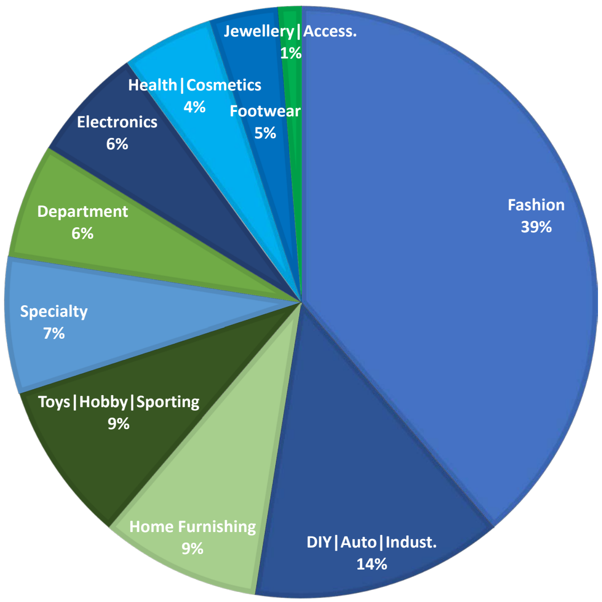
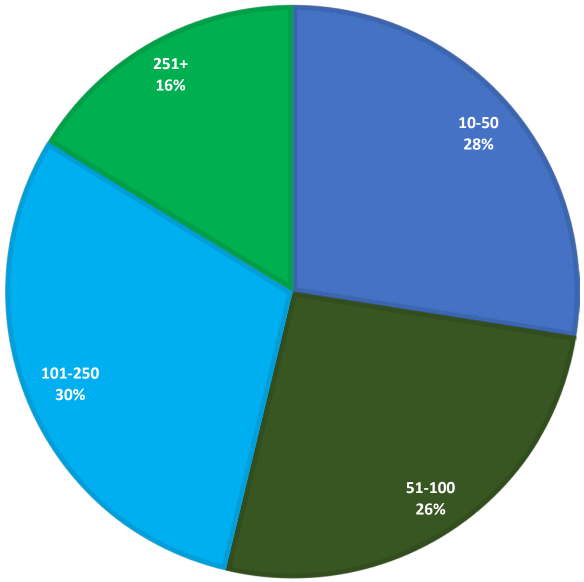
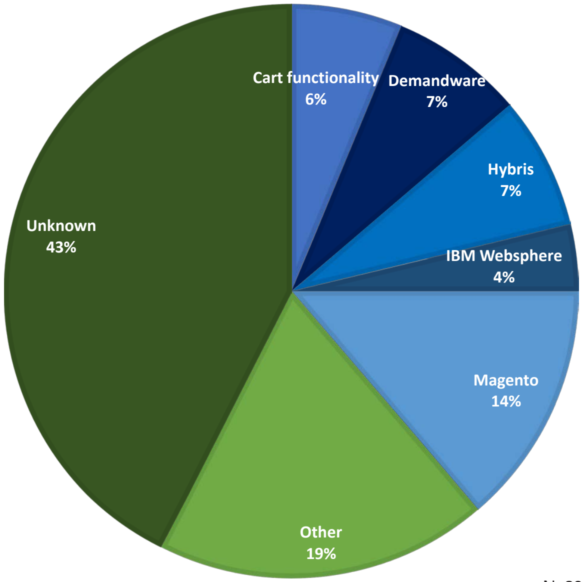
Research Methodology







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Source: OrderDynamics, Jun 2017

Retail Sectors

OrderDynamics' Omni-1000 is a 'random-walk' study, meaning that over 1000 web-sites were reviewed for the overall global study, and scrutinized for various omni-channel characteristics. No express quota was applied to each sector or sub-sector of the market. However, even with this non-directed approach, the retail categories represent what was expected of the Nordic market. Fashion and apparel forms the bulk of retailers investigated, at 39%. DIY|Auto|Indust. is next at14%, followed by Home Furnishing at 9.0%.

Store Count Sizing

Most Nordic retailers included in the Omni-1000 have 101-250 stores or retail locations. Both the 10-50 and the 51-100 store retailers were very close in term of retailers reviewed. It is expected that the majority of retailers have a smaller location presence, which is probably why only 16% of retailers reviewed have 251= stores. This size breakdown provides a fair representation of the Nordic retail landscape for the purposes of this research.

eCommerce Platform (eCP)

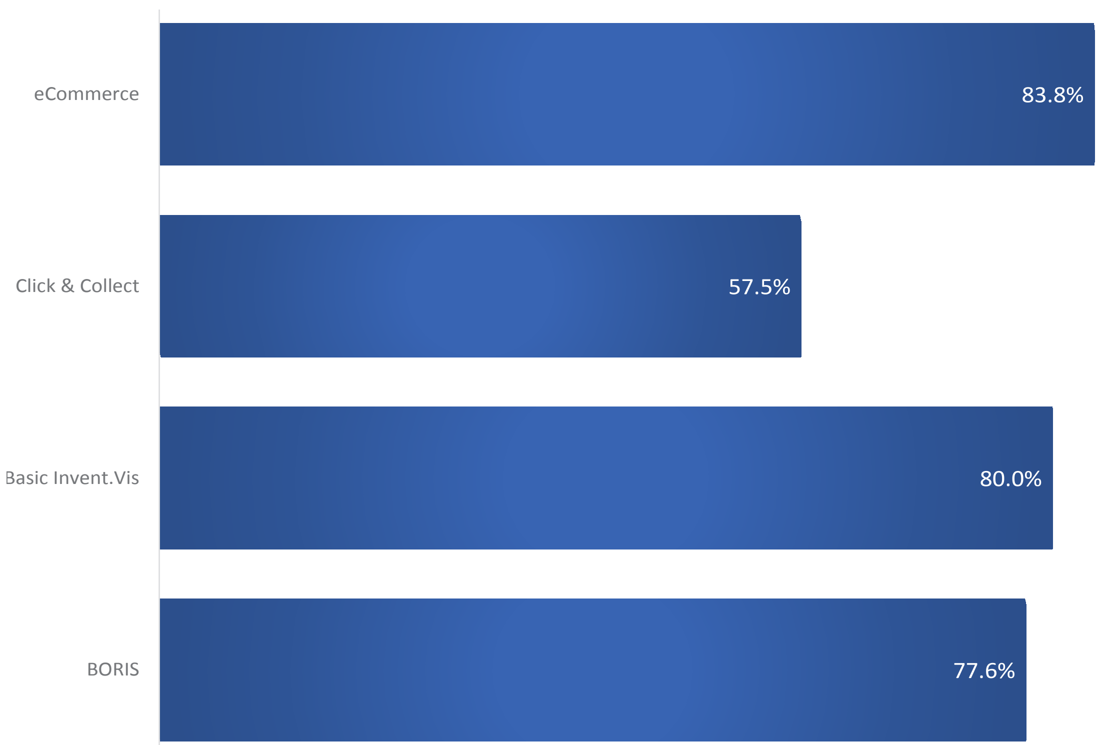
A cross section of eCPs shows a competitive market;where no one platform dominates in the Nordics. Magento is the commonly observed at 14%, followed by Demandware and Hybris. The largest group is the unknown at 43%. This represents retailers with eCP's that remained unidentified in the study (custom or in-house systems, for example). Overall, no particular eCommerce platform stands out with a dominant footprint.

Nordic Snapshot

A snapshot of the Nordic retail market shows that 83.8% of the 80 retailers investigated have eCommerce capabilities, such that a consumer can create a basket of goods to transact an order online. This is in line with expectations of a highly advanced retail market.

As an indicator of omni-channel capabilities, click and collect (buy-online-pickup-in-store - BOPIS), is currently evident in 57.5% of Nordic retail sites. This is a healthy indicator of the market. Compared to other advanced retail markets, the Nordics region is one of the leading markets for click and collect capabilities. 80.0% of retailers in the region offer basic inventory visibility. Given that many shoppers have a preference for returning merchandise to a store in-person, 77.6% of retailers in the Nordics allow shoppers to buy online and return in-store (BORIS).

CAPABILITIES SNAPSHOT



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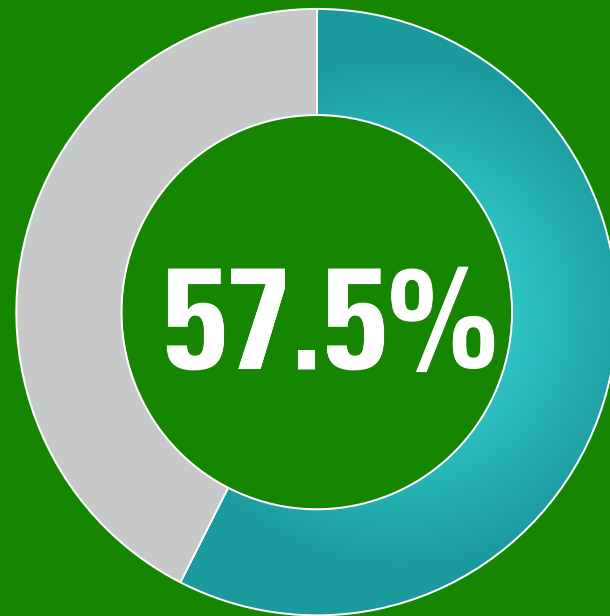
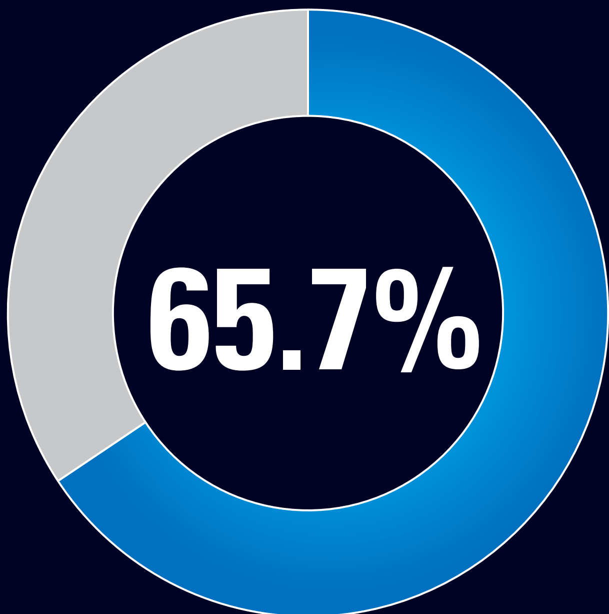
Source: OrderDynamics, Jun 2017

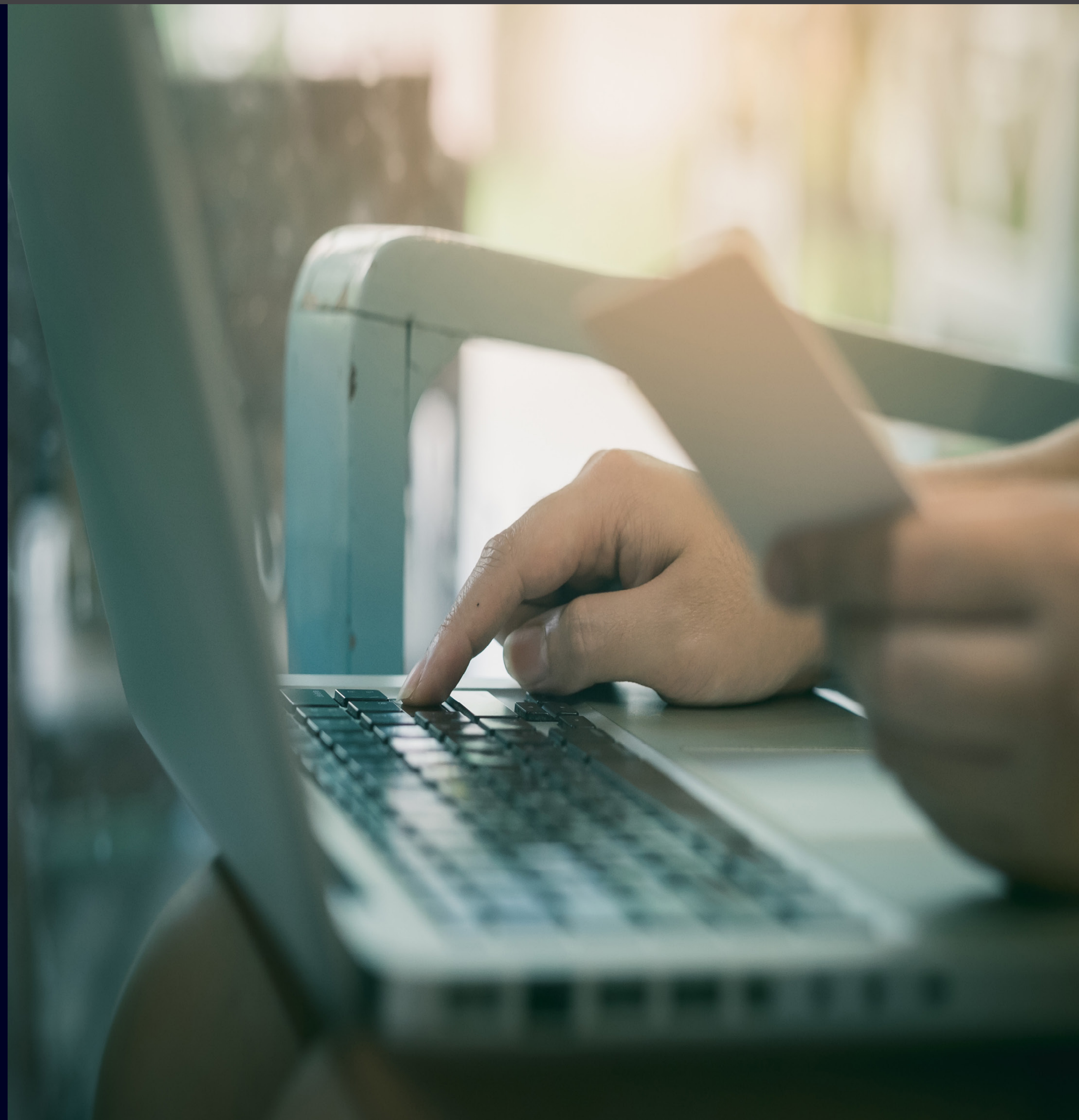


"Click & Collect, or Buy-Online-Pickup-In-Store (BOPIS) is evident in 57.5% of today's Nordic retail sites."

eCommerce and Free Shipping



"65.7 % of Nordic retailers with an eCommerce site provide a free shipping offer with a minimum purchase."



eCommerce Free Shipping

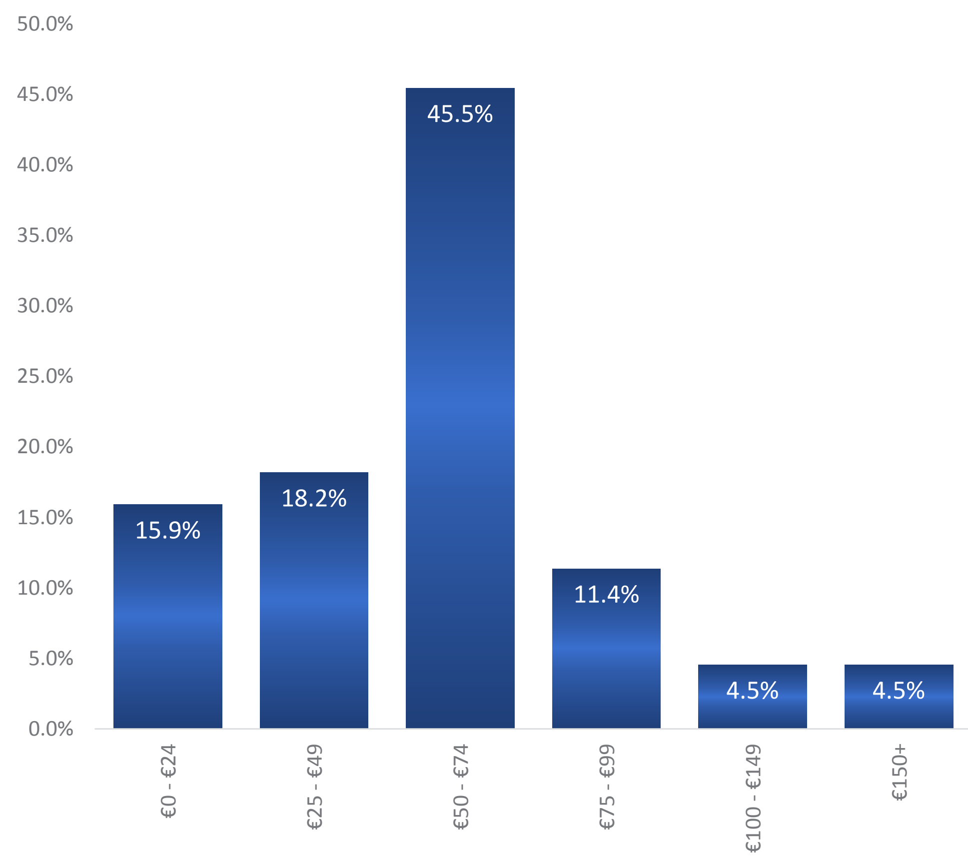
The minimum order to qualify for free shipping for most retailers is below €75. Of this, the majority of the free shipping threshold is from the €50-€74 category, at 45.5%

Although Amazon in US sets the minimum threshold at $25 (USD), in Euros, this rounds up to about €22. As another comparison, Amazon in Canada sets the minimum order value for free shipping at $35 (CAD), which rounds out to €23. Although this may be disruptive, retailers in other markets like Canada, have not gravitated to meet Amazon's free shipping minimum value threshold. This means that Nordic retailers may be able to sustain their current minimum order value levels, by emphasizing other brand values, to maintain customer loyalty.

Of the retailers active in the the Nordics, 65.7% offer free shipping to online shoppers, with varying minimum orders. Of the retailers in the study. 15.9% offer free shipping in the €0-€24 threshold. This appears as a curiosity. Setting a low minimum basket size for free shipping is a risky move that can result in significant margin-eroding pick, pack and shipping fees.

9% of retailers set free shipping minimum orders at over €100. Although some of these retailers sell big ticket items like Home Furnishing, most were Fashion and Jewellery|Access. This means it is possible to offer higher thresholds for shipping despite Amazon's minimum shipping in other regions.

FREE SHIPPING WITH MINIMUM PURCHASE



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Source: OrderDynamics, Jun 2017

Free Shipping By Retail Sector

Free shipping is pervasive throughout the eCommerce markets. Most retailers in each sector offer free shipping with online orders. Many, if not most shoppers are now conditioned to expect free shipping with a certain dollar value of purchases. In this regard, breaking out of the free shipping paradigm is a challenge for most retailers. Across the Nordics, 56.7% of retailers offer free shipping.

Three retail sectors least inclined to offer free shipping are: DIY|Auto|Indust. Department, and Electronics. This is primarily due to the nature of their products (it might be prohibitive to absorb the cost of shipping large or very heavy merchandise) or difficult at the very least to ship these kinds of products. To accentuate this point, 75.0% of Footwear retailers offer free shipping.

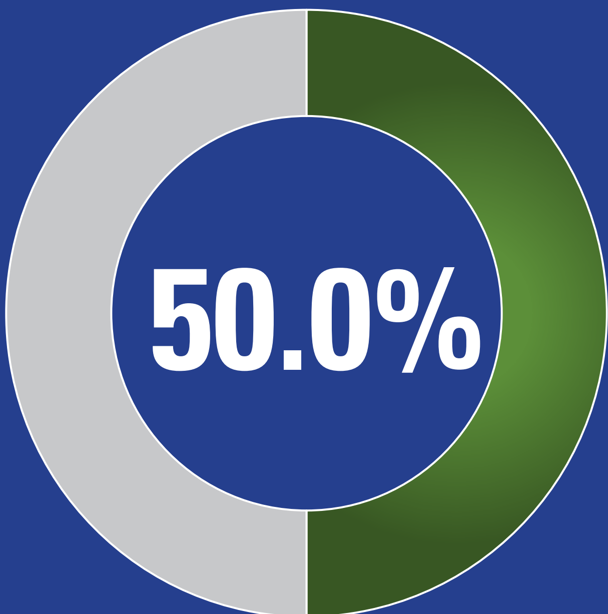
The high side of the minimum order value reaches €210, in the Fashion category. Averages across retail sectors gravitate around the €50 range. Retailers should experiment with different minimum order sizes, before giving in to the temptation to lower this value, merely to meet Amazon's free shipping value point. Naturally, keeping this value as high as the market will bear, drives the basket order value, which is good for the retailer.

Retail Sector	Sector Count	Offer Free Shipping Count	Offer Free Shipping %	Min. Basket for Free Shipping Avg	Min. Basket for Free Shipping High Value
Fashion	31	20	64.5%	€ 0.00	€ 210.00
DIY|Auto|Indust.	11	2	18.2%	€ 52.00	€ 90.00
Home Furnishing	7	4	57.1%	€ 31.00	€ 52.00
Toys|Hobby|Sporting	7	6	85.7%	€ 41.00	€ 105.00
Specialty	6	4	66.7%	€ 0.00	€ 50.00
Department	5	1	20.0%	€ 52.00	€ 52.00
Electronics	5	1	20.0%	€ 105.00	€ 105.00
Footwear	4	3	75.0%	€ 0.00	€ 84.00
Health|Cosmetics	3	2	66.7%	€ 26.00	€ 31.00
Jewellery|Access.	1	1	100.0%	€ 25.00	€ 25.00
Total	**80**	**44**	**55.0%**	**€ 0.00**	**€ 210.00**

N=80

Source: OrderDynamics, Jun 2017

Click and Collect



"Across Nordic retailers actively providing in-store pickup services, 50.0% advertised or called it out on their front page."

Click & Collect Profile

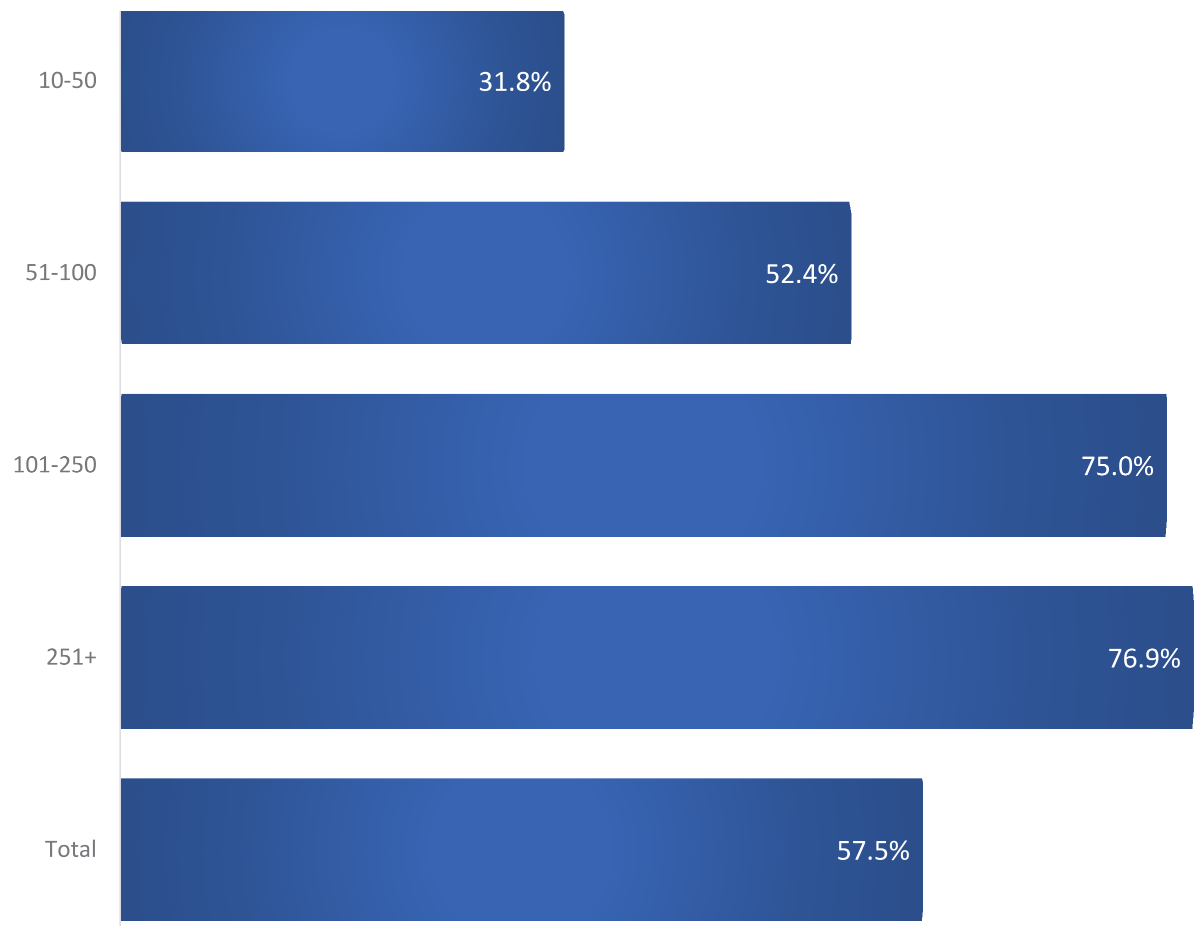
Shoppers interested in the instant gratification rush of an in-store pickup, today, are best served by large Nordic retailers. Adoption in chains with 251+ is more than that of smaller retail chains with 10 – 50 stores. Here lies an opportunity for smaller chains to use omni-channel as a competitive edge. Shoppers expect these services from large chains. By adopting in-store pickup, a 10-50 store chain can distinguish itself from many competitors in its category.

Large chains gravitated to omni-channel retail earlier, in pursuit of greater profits, cost reductions, and the ability to use existing assets to compete more effectively. These chains often have larger IT development staff, making it easier to source and deploy earlier order management systems (OMS), for example.

Since the total cost of ownership (TCO) of cloud-based OMS systems have a distinct cost advantage over on-premise solutions, critical systems like an OMS are now available to all retail chain sizes. Adoption will grow further in the following 2-5 years. For example, Forrester's research on SaaS based OMS solutions found that 45% of retailers expect to upgrade or purchase a new OMS SaaS solution within the next 3 years.[1]

Despite being relatively mature in the click&collect market, at 57.5% of retailers offering the service, there is still ample opportunity for non-omni-channel retailers to start their efforts now, and get ahead of the retailers who are slower to adopt the method.

CLICK AND COLLECT ADOPTION BY RETAILER STORE COUNT



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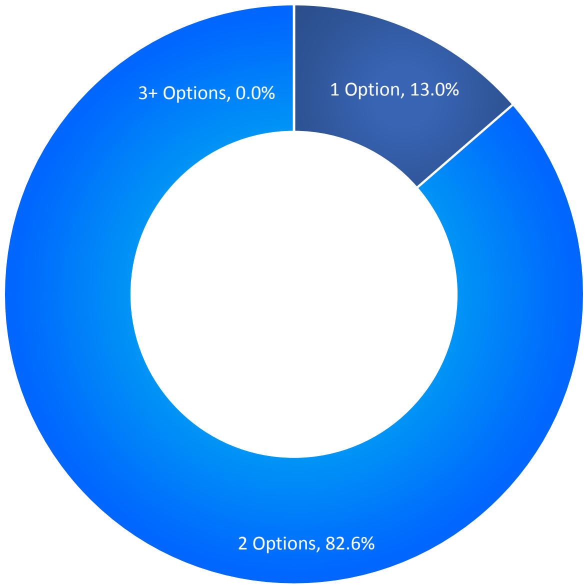
Source: OrderDynamics, Jun 2017

Click & Collect Options

Various different options exist for the collect part of the in-store pickup. Options include an online purchase shipped to the store for pickup, placed into an in-store locker, and even making purchases available for pickup at partner locations. Creative options include corner store pickups, deliveries to a customer's car and special pickup zones, or postal outlet pickups.

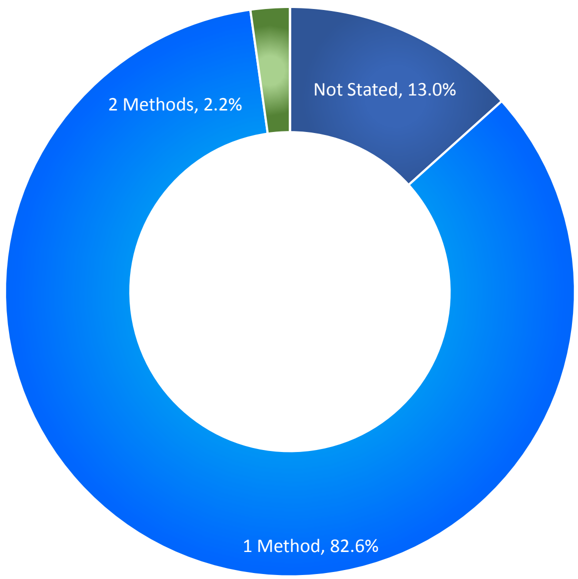
The Nordic region is quite advanced in providing these options, as 82.6% offer two options. In 58% of cases, in-store pickups result in additional sales.[2] Therefore having two options to make the process easier, should be the bare minimum. However, there were zero retailers with more options than that! This is shocking, considering the maturity of click and collect in the Nordic market. As such, there is an excellent opportunity for a few early retailers to take a leadership position in the minds of consumers, by testing three pickup options. Retailers new to omni-channel should start with one option. Over time, additional pickup options should be rolled out to test consumer use and acceptance. Naturally, the advantage is that it lets customers choose their preferred pickup method. This makes it more likely for one time click and collect customers to become repeat omni-channel customers. Ultimately, that means repeat orders.



Pickup Notifications

Notifications let customers know an order is ready for pickup. Most retailers offer one notification method, at 82.6%. Predominantly, this is an email message, however in a few cases, a telephone call. 2.2% of retailers offer customers two notification methods. The most frequent combination is an email and a text message, with fewer retailers offering the combination of email and telephone call. Strangely, 13.0% of retailers failed to mention that a notification is provided to the customer, at all. Being a simple step, ALL omni-channel retailers must offer pickup notifications.

Given the growing importance of the Millennial and Generation Z consumer groups, retailers need to expand customer notifications. Robust order management systems include flexible communications that allow alerts to Snapchat, Twitter, text, email, voice messaging, and other social media vehicles.



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Source: OrderDynamics, Jun 2017

Engaging Customers

Nordic retailers engaged in omni-channel commerce need to start highlighting 'click and collect' or 'online pickup' options on their front web page. 53.7% of retailers informed shoppers of the service, compared to 65.7% of retailers which noted 'Free Shipping' on the first page. This is an important point, given that free shipping is a significant cost and margin drain, compared to a customer led in-store pickup. Beyond saving on shipping costs, and improving margins, in-store pickups also drive in-store foot traffic, and increase the purchase volume in 58% of cases.[2] This means 50.0% of Nordic retailers are only telling customers about this click and collect at the final stage of checkout. This is too late in the sales process. Fortunately, the majority of omni-channel retailers are bringing the service to their shoppers' attention.

Curious, was that 19.6% of retailers with in-store pickup do NOT provide basic 'how-to' instructions. Most click and collect retailers have some form of customer instructions, but even here many were buried in the terms and conditions providing a dry read. Make sure to provide easily understood language, and graphically oriented instructions. Although outside the Nordics, Home Depot Canada includes an instructional video to help its customers new to in-store pickup. Of over one thousand websites reviewed, this is definitely a best-practice to mimic.

	Sector	Click & Collect Avail.		First Page C&C Ad		'How-To' In-struct.		Pickup Alert	
Retail Sector	Count	Count	%	Count	%	Count	%	Count	%
Fashion	31	15	48.4%	10	66.7%	11	73.3%	13	86.7%
DIY|Auto|Indust.	11	9	81.8%	6	66.7%	9	100.0%	9	100.0%
Home Furnishing	7	3	42.9%	0	0.0%	2	66.7%	2	66.7%
Toys|Hobby|Sporting	7	5	71.4%	2	40.0%	5	100.0%	5	100.0%
Specialty	6	5	83.3%	1	20.0%	2	40.0%	3	60.0%
Department	5	1	20.0%	1	100.0%	1	100.0%	1	100.0%
Electronics	5	3	60.0%	1	33.3%	3	100.0%	3	100.0%
Footwear	4	2	50.0%	1	50.0%	2	100.0%	2	100.0%
Health|Cosmetics	3	3	100.0%	1	33.3%	2	66.7%	2	66.7%
Jewellery|Access.	1	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	**80**	**46**	**57.5%**	**23**	**50.0%**	**37**	**80.4%**	**40**	**87.0%**

N=80

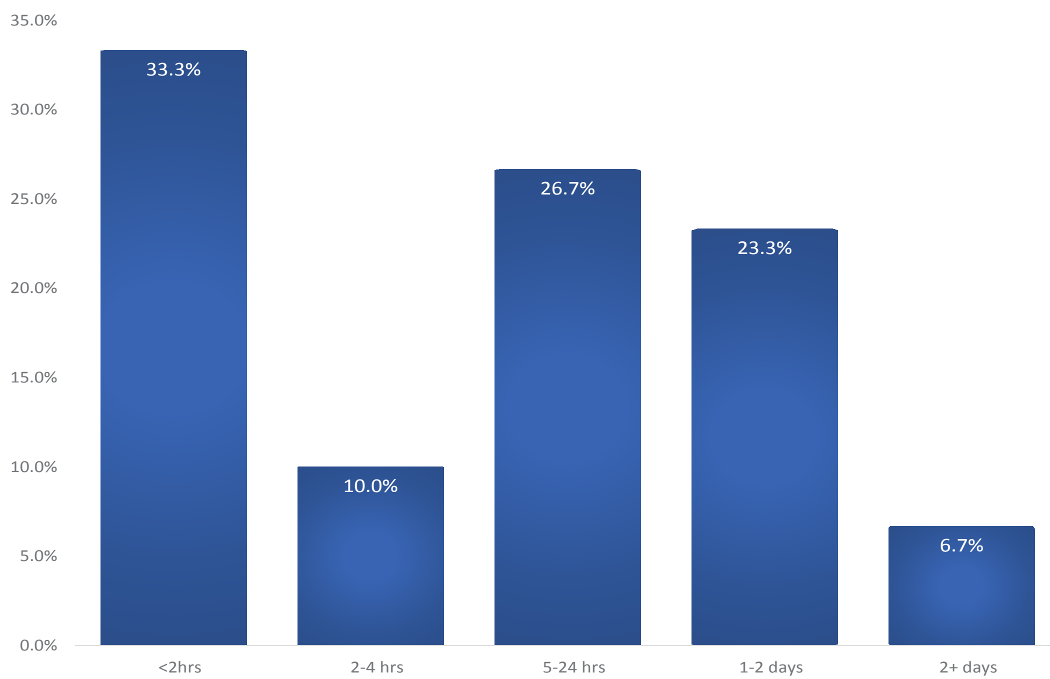
Source: OrderDynamics, Jun 2017

In-Store Pickup Delays

Instant gratification is a big motivator for in-store pickup orders. A US and UK study of over 800 participants found that 79% of US and 70% of UK consumers prefer in-store purchases for getting their merchandise immediately.[5] Although not representative of the Nordics region, the preference among consumers is expected to be similar. As such, shoppers expect their order to be ready quickly. Fortunately. 33.3% of Nordic retailers that offer click & collect services state that a pickup order will be ready within a 4 hour window. More merchants need to setup up their risk tolerance to offer shorter pickup times.

Nordic retailers have adapted well to speeds expected by consumers, as only 23.3% state that orders will be ready for pickup within 1-2 days. Yet, there is room for improvement as 6.7% commit to 2 or more days for a pickup. If home shipments can arrive within 2 days in urban centres, why would a customer wait 3-7 days for a pickup order? To get it right in omni-channel retail, pickup orders need to be a faster option to a delivery order.

PICKUP DELAY IN HOURS



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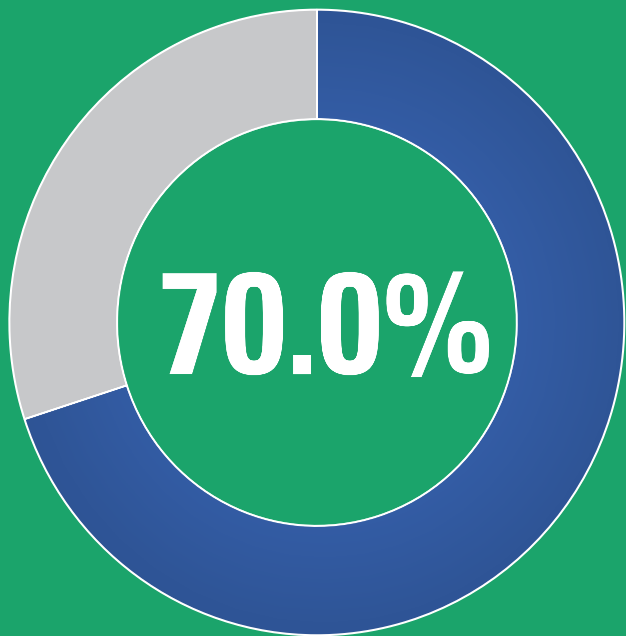
Source: OrderDynamics, Jun 2017



"70.0% of retailers will have an order ready for pickup within 24 hours."

Retailer Size and Pickup Timing

Pickup timing delays are shown below by retail store size. Across the size groupings, it is clear that larger retail chains are more likely to support omni-channel practices. Most click and collect retailers do a good job at stating their expected delay between an online order placement and readiness for pickup. However, the larger omni-channel retailers (retailers with over 50 store locations) are more likely to state this delay expectation online, usually (refers to column 'Count' under 'Pickup Delay Stated in Hrs'). However, the Nordics is quite peculiar in this aspect. Usually, the average pickup delays decrease for larger retail chains marginally. The lowest pickup delay average is the 51-100 stores category. It is interesting that the pickup delay time average increases for over 100 stores, as usually, larger retail chains are understand the importance of omni-channel services, and speed.

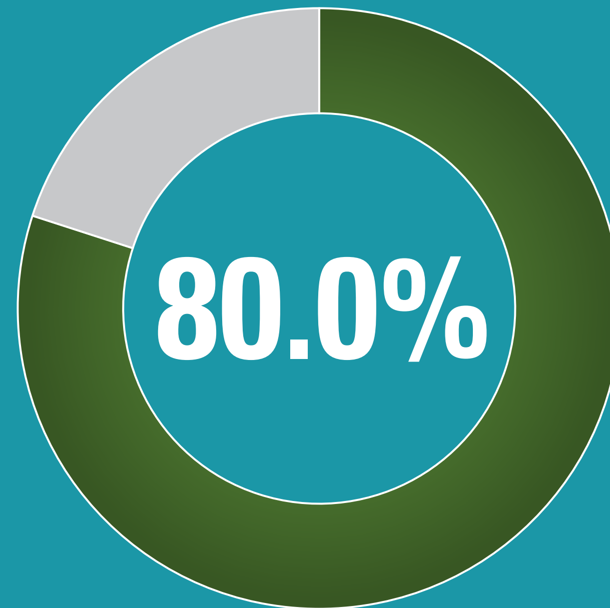
On the low side of the equation, each retail chain group had at least one retailer with an online pickup delay commitment of 2 hours or less. This is exceptional, from a customer's perspective. Shoppers are often interested in omni-channel retail as an alternative to lengthy perceived online deliveries. As an example, Millennials cited deliveries taking too long, as a criticism of online shopping, more than either Baby Boomers or Generation X, in an 18,430 international shopper study in 2017 by KPMG.[6]

Having 1 hour or lower for a pickup sets an aggressive expectation with customers, and notably differentiates your offering. Compare a 1 hour order pickup delay commitment against a retailer with a 7 day commitment. Most shoppers will not hesitate to choose the retailer with the faster service, in this case, a 99.4% improvement in speed.

	Retail	Click & Collect		Pickup Delay Stated in Hrs				
Retailer Store Count	**Chains**	**Count**	**%**	**Count**	**%**	**Avg**	**Low**	**High**
10-50	22	7	31.8%	6	85.7%	14.3	1	72
51-100	21	11	52.4%	7	63.6%	9.8	1	30
101-250	24	18	75.0%	12	66.7%	24.6	1	90
251+	13	10	76.9%	6	60.0%	20.2	1	48
Total	**80**	**46**	**57.5%**	**31**	**67.4%**	**18.7**	**1.0**	**90**

N=80
Source: OrderDynamics, Jun 2017

Inventory Visibility



"Retailers across the the Nordics realize the importance of inventory visibility, as 80.0% provide at least a basic in-stock indicator on their site."

Online Inventory Visibility Levels

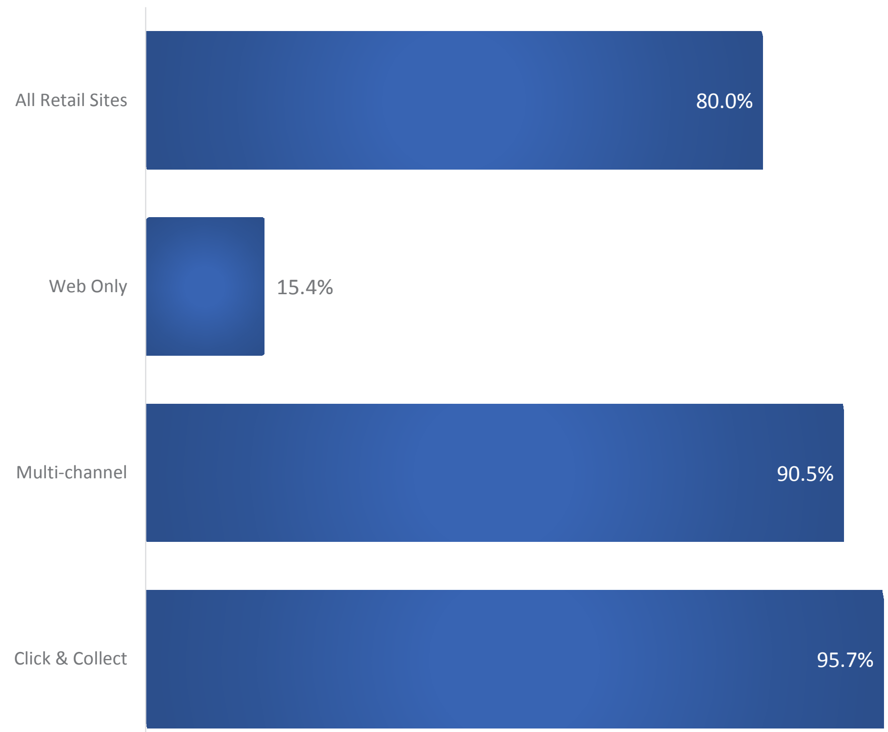
Inventory visibility is important to Nordic consumers. 80.0% of all retail sites show at least a basic 'in-stock' alert or indicator for the merchandise shown on their websites. Retailers without an eCommerce presence (not selling online), were significantly less likely to offer their stock visibility to customers. Given that inventory visibility is among the first steps in the customer journey, those that do not provide stock visibility will be at the greatest risk of losing customers.

90.5% of multi-channel retailers that have an online store and physical stores, but are not offering seamless click & collect services have a basic 'in-stock' or 'out-of-stock' indicator to help online shoppers.

Among click and collect retailers, inventory visibility jumps to 95.7%. In fact, among these omni-channel retailers 69.6% provided inventory visibility at the store level, and 21.7% showed store level stock details, including the number of items found in that location.

Retailers often debate the right level of inventory visibility they should show online. It is arguable that the competitors may monitor a retailers site and use their inventory intelligence to craft counter strategies. This is possible. Yet, retailers must counter these fears with the expectations of their shoppers. For a shopper, knowing that there are 4 dress shirts in a store near them, may entice them to drop in for a purchase. Knowing there is only 1 dress shirt left, may put a sense of urgency to locking in the purchase online for an afternoon pickup. Used effectively, this information can help a retailer actually drive more sales. What can also be stated with confidence, is that lacking any merchandise availability information will gradually drive shoppers away.

BASIC INVENTORY VISIBILITY ACROSS RETAIL SITES



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Source: OrderDynamics, Jun 2017

Inventory Visibility By Retailer Size

The Omni-1000 study reviews three levels of online inventory visibility. First, is basic inventory visibility, in which customers can find an overall stocking level indicator. It is either 'in-stock' or 'out-of-stock'. Second, is stock information provided at the store level. Does a specific store have inventory of the desired item. For most cases, the location is listed with an 'in-stock' or 'no-stock' identifier. Third, is detailed stock level information, at the store level. Here customers see the specific inventory count of a particular product at the store level. For example, the system will show a customer that 3 units of a particular shirt are available at the downtown location at Huvudgatan 15.

Easiest to deploy is the basic inventory visibility indicator. As seen, 80.0% of all retailers have basic inventory visibility, yet only 13.8% of all retailers in the Nordics have detailed unit-counted merchandise visibility down to the store level. With the growing adoption of advanced order management systems, and growing consumer expectations; detailed level stock visibility is expected to rise.

Basic stock visibility is relatively consistent regardless of retail chain size, ranging from 63.6% to 87.5% adoption. Visibility at the store level (in-stock at a particular location), drops to 43.8% across Nordic retailers. Most significant here is the lower adoption among smaller chains of 10-50 stores. As in previous examples, this is expected to change as the adoption of order management systems grows in smaller and medium sized retail chains. Finally, detailed inventory visibility showing both store locations and unit level details, is lowest across all chain sizes. . No chain size stood out as significantly more advanced in this respect.

	Retail	Basic Inv.Vis.		Store Inv.Vis.		Detail Inv.Vis.	
Retailer Store Count	**Chains**	**Count**	**%**	**Count**	**%**	**Count**	**%**
10-50	22	14	63.6%	6	27.3%	3	13.6%
51-100	21	18	85.7%	10	47.6%	4	19.0%
101-250	24	21	87.5%	13	54.2%	3	12.5%
251+	13	11	84.6%	6	46.2%	1	7.7%
Total	**80**	**64**	**80.0%**	**35**	**43.8%**	**11**	**13.8%**

N=80
Source: OrderDynamics, Jun 2017

Stock Visibility by Retail Type

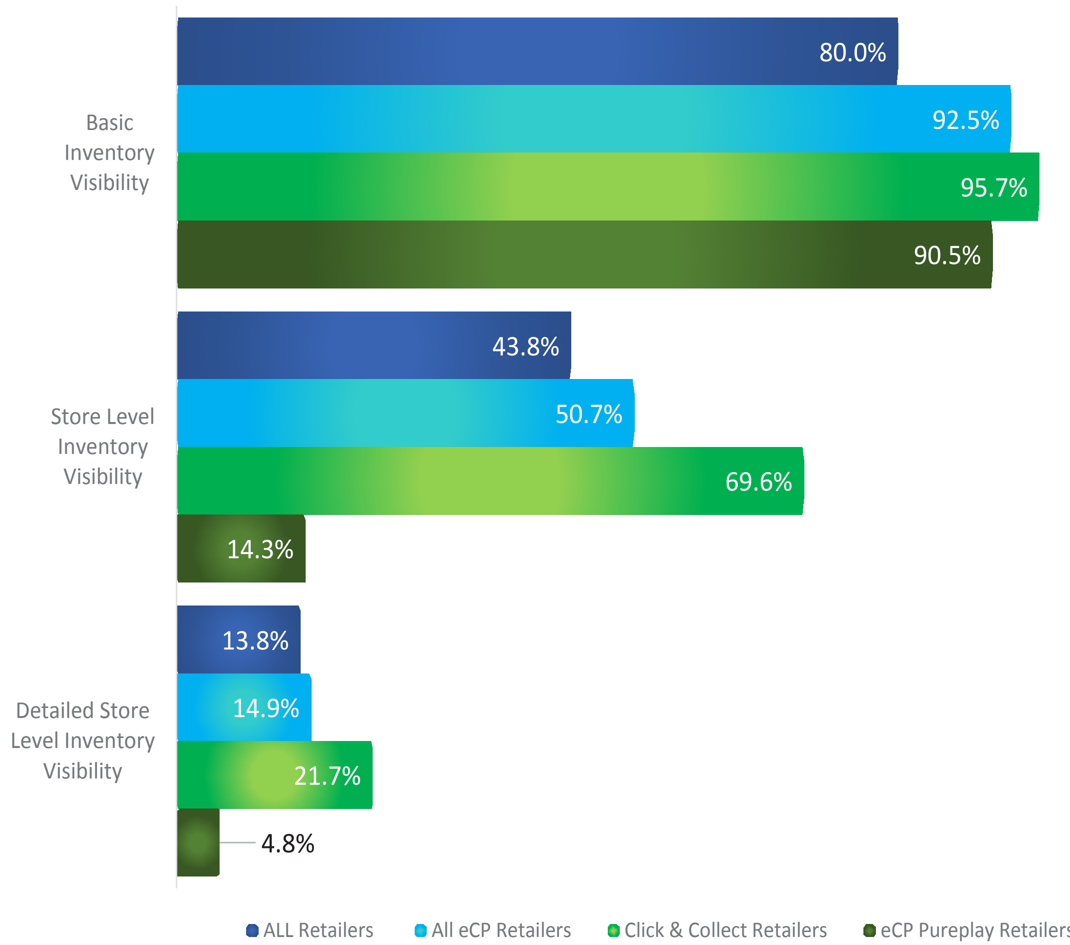
Comparing stock visibility by a channel centric view of retailers shows that click and collect retailers tend to have more sophisticated inventory capabilities. Focusing on the bright green bars (3rd bar down in each set), it shows that chains with click and collect services, are more likely to offer customers inventory visibility at each level of detail; basic, store level, and detailed. This is not surprising given that good inventory visibility is key to the omni-channel purchasing process for shoppers, especially online shoppers.

Customers interested in completing a BOPIS order (buy- online-pickup-in-store), want to see if a store has inventory of the items they want to purchase and pickup. In this case, showing inventory levels makes sense. It drives in-store traffic, and the likelihood that a shopper will choose to pickup the order. As expected, click and collect retailers were more likely to have store level inventory visibility compared to other retailers.

Almost all click and collect retailers had at least basic inventory visibility shown on their websites, at 95.7% across the Nordics retail sector. Store level inventory visibility was also high with omni-channel retailers, at 69.6%. Again, this makes sense given that a customer is more likely to come into a store for a pickup, if they find that a product is available immediately.

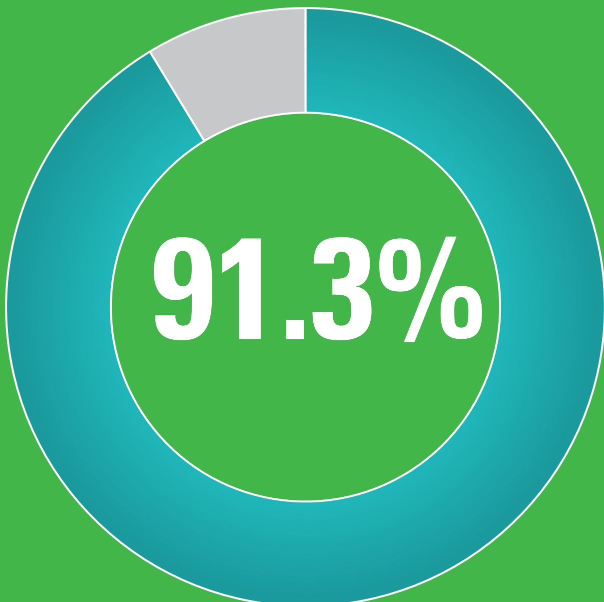
Even retailers without click and collect capabilities are encouraged to provide store level stock visibility for their clients.

INVENTORY VISIBILITY BREAKDOWN BY RETAIL STRATEGY



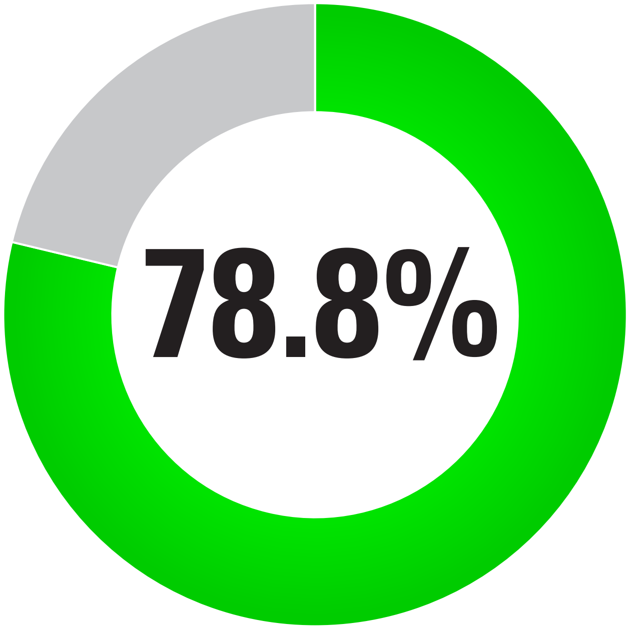
N=80
Source: OrderDynamics, Jun 2017

Returns



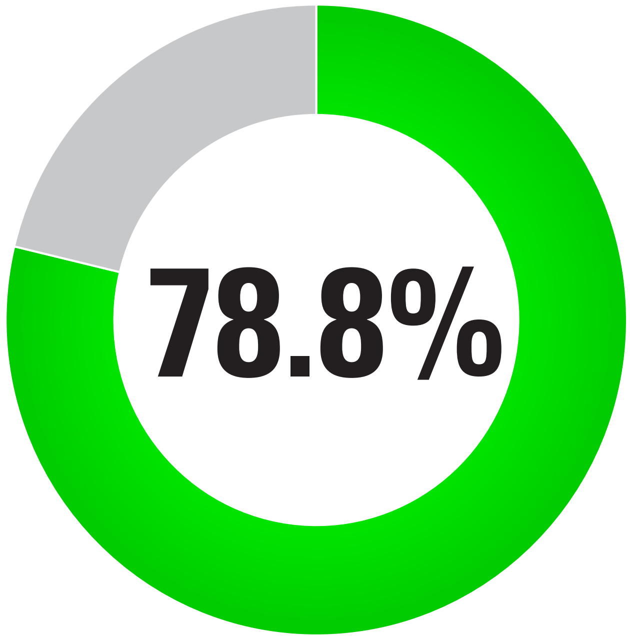
"Most retailers offering BOPIS services (91.3%) expressly accept on-line purchases to be returned in-store (BORIS)."

Returns Policies



Clear Returns Policy

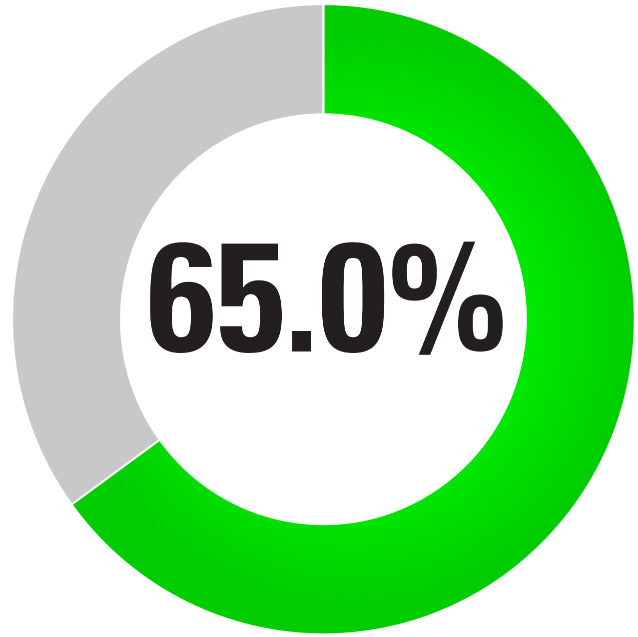
Years of customers complaining about cryptic and difficult to understand returns policies have paid off. Most of today's Nordic retailers (78.8%) have clear, return policies - written such that shoppers can understand them. In many cases, retailers used common language, bulleted key points, and made the time to return items easy to find. Fortunately, almost all Nordic sites in this study included return policies.



Jargon Free Returns Policy

Related to a clear returns policy, is a jargon free one. Again Nordic retailers have largely cleared up the legal jargon from their returns policies. This is important given that 76.1% of customers will purchase products online (either for shipment or pickup), based on a favourable returns policy.[3]

Naturally, there is still room for retailers to improve, given that 21.2% of the policies are still influenced by legal terminology. This is a poor practice, as it ultimately confuses consumers.



Returns Restocking Fees

The Nordic region has a disproportionately high level of retailers with restocking fee policies, at 65.0%. Unlike the other regions, these fees seem to be the accepted practice. It's possible that a portion of the restocking fees in this region are actually returns shipping fees. Still, this is surprising given that 57.5% of Nordic chains offer click and collect services. For an advanced region, a greater level of omni-channel competitiveness should reduce the use of restocking fees.

N=80
Source: OrderDynamics, Jun 2017

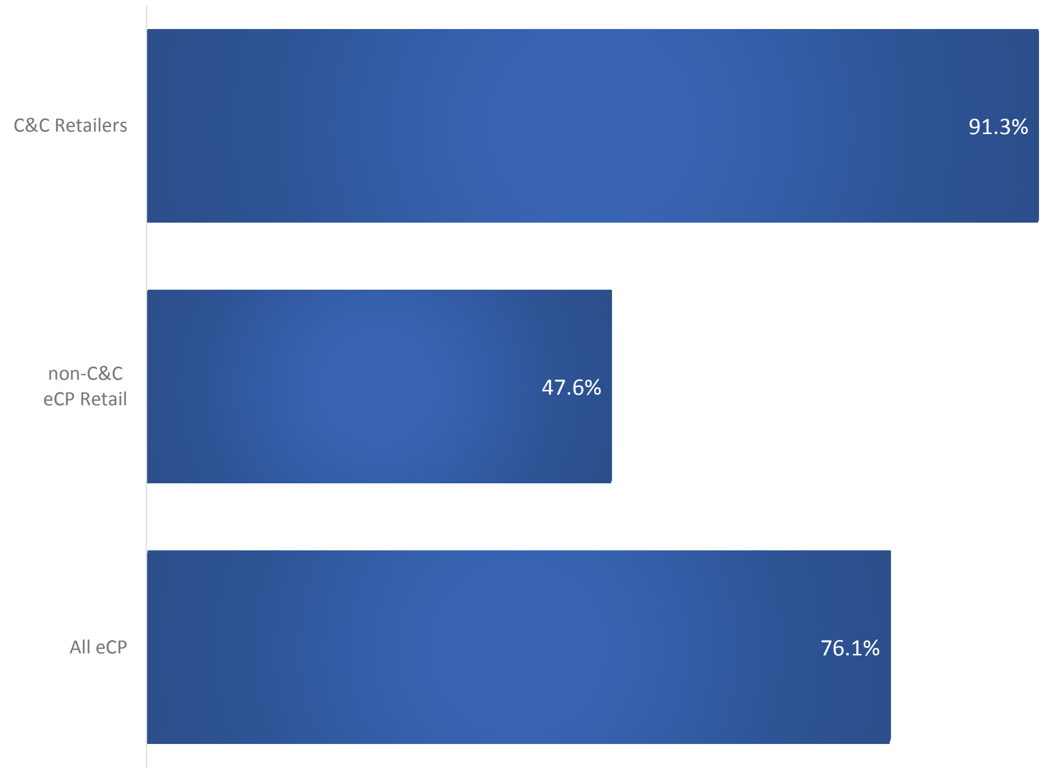
Buy-Online-Return-In-Store (BORIS)

Having a favourable returns policy is important to consumers. In fact 82% of consumers state they will proceed with a purchase if there is a favourable policy in place.[3] Part of that policy includes whether an item can be returned to a physical store, even if it was purchased online. Known as Buy-Online-Return-In-Store (BORIS), it is equally popular with online only shoppers. It is interesting that among consumers, 60% prefer to return merchandise in-store regardless of the channel from which the item was purchased.[4]

Giving customers a BORIS option, means retailers are making their entire purchasing journey easier (which includes returns). Thus far, this has been a distinct advantage bricks and mortar retailers have had over an Amazon purchase. Despite the Whole Foods purchase by Amazon, this is still an opportunity for omni-channel retailers to positively differentiate. But, it is important NOT to procrastinate. There is no doubt Amazon will work on closing this gap, which becomes evident through moves such as their returns deal with Kohl's in the US, struck in September (2017).

Currently, the vast majority of click and collect retailers do take in-store returns of online purchases, at 91.3%. However, multi-channel retailers, which have an online ecommerce presence, and have stores, but DO NOT offer the full gamut of omni-channel retailing; need to improve their offering. 77.6% of retailers in the Nordics offer BORIS.

BUY-ONLINE-RETURN-IN-STORE BY RETAIL STRATEGY



N=80
Source: OrderDynamics, Jun 2017

Days to Return

Keeping an eye on both providing customers with favourable return terms, while watching competitive positioning, is an important balancing act. Among Nordic retailers, the most popular return allowance is the 0-29 day range at 41.3%.

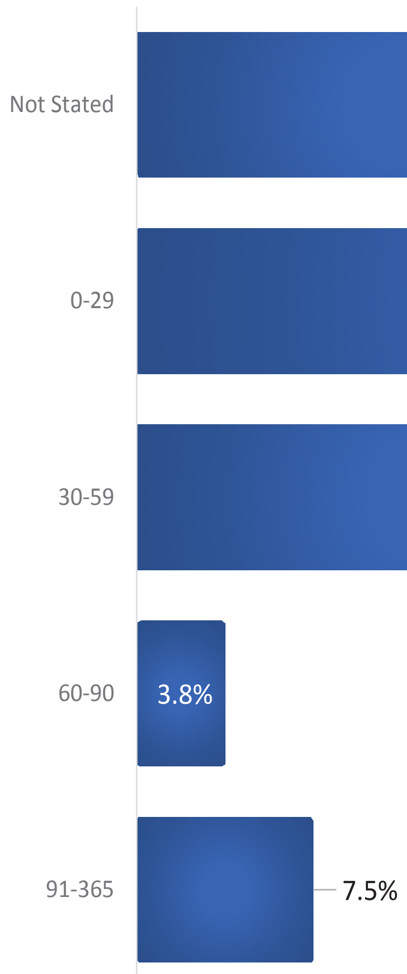
Across the US, the UK and Canada, Amazon offers 30 day terms, for most products.

Across the Nordics, the next highest category is 30-59 days, with 25.0% of retailers offering merchandise return terms in this range. For a market as advanced as the Nordics when it comes to omni-channel services, the researchers expected longer time allowance for returns. This is something that can be improved among Nordic retailers.

A differentiation possibility for Nordic merchants is to provide 365 day return terms, either as a promotional offer, or as standard terms. Along with offering omni-channel services, it can be a good way to emphasize the merchant brand's flexibility, and placing customer concerns above all others.

Current missed opportunities among retailers are the 22.5% who do not state their returns policy, or are unclear about the number of days customers have to return an item. As stated on the previous page, 82% of consumers will make an online purchase if the return terms are favourable.[3] Lacking this information it might just convince a consumer to shop elsewhere.

RETAILER RETURN DAYS ALLOWANCE



N=80
Source: OrderDynamics, Jun 2017

Return Allowance Ranges

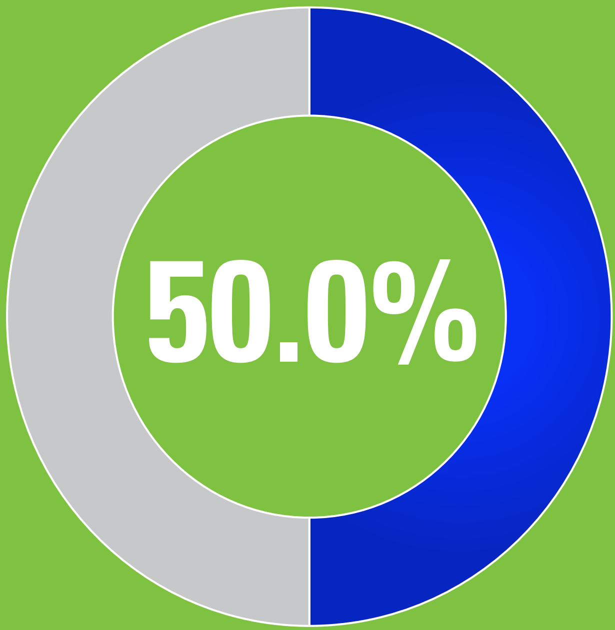
As shown in the previous graph, the 0-29 day returns allowance is the most popular range for merchants. It is not merely for fashion either. Most Nordic retail sub-sectors are skewed toward 0-29 day return terms. If online shoppers are highly focused on returns before making a decision to purchase, a more shopper-favourable range may tip the balance in your favour. Given that click and collect starts online, returns may be a subtle tool to drive greater sales volumes.

Knowing that in-store returns are also very important to shoppers, Nordic retailers have an opportunity to highlight that customers can return online purchases directly to physical, bricks & mortar stores. Since most consumers prefer in-person returns, this is an immediate advantage over online pureplay retailers. In fact, it is a double win. Shoppers feel that the in-store return is a benefit of shopping with their retailer of choice. For the retailer, accepting returns in-store means reducing the cost of the return shipment. It also lets the retailer immediately add the returned item to inventory, and even immediately re-shelf those items that are in good sellable condition. To top it all off, by actively calling attention to this customer option, Nordic retailers can use BORIS as a memorable differentiator.

	Sector	Days To Return Merchandise					BORIS	
Retail Sector	**Count**	**N/A**	**0-29**	**30-59**	**60-90**	**91-365**	**Count**	**%**
Fashion	31	4	13	10	1	3	20	64.5%
DIY|Auto|Indust.	11	2	5	3	1	0	9	81.8%
Home Furnishing	7	1	6	0	0	0	5	71.4%
Toys|Hobby|Sporting	7	1	2	0	1	3	6	85.7%
Specialty	6	3	1	2	0	0	4	66.7%
Department	5	4	0	1	0	0	1	20.0%
Electronics	5	1	2	2	0	0	3	60.0%
Footwear	4	1	2	1	0	0	2	50.0%
Health|Cosmetics	3	1	2	0	0	0	2	66.7%
Jewellery|Access.	1	0	0	1	0	0	0	0.0%
Total	**80**	**18**	**33**	**20**	**3**	**6**	**52**	**65.0%**

N=80
Source: OrderDynamics, Jun 2017

OMNI-1000 Research: Nordics



"50.0% of Nordic retailers show click & collect options ONLY at the end of the online purchasing journey."

Omni-Channel in the Nordics

Overall, the Nordic retail market is advanced in omni-channel retail practices. As a strategy it has been discussed thoroughly and clearly been applied, as 57.5% of Nordic retailers offer click & collect today. Yet, even in the Nordics market there is room for growth. Buy online pickup in-store (BOPIS) can be an important revenue driver. It gives consumers more flexibility and options. Shopper adoption is growing. Best of all, on a pickup 58% of consumers buy more items while in store.[2] Simply put, that means sales revenue growth. At the moment, the 57.5% of merchants are reaping the benefits while the rest of the industry catches up.

65.7% of Nordic retailers offer free shipping. 18.2% of retailers in the Nordics offer free shipping for basket sizes of €25-€49. Higher free shipping ranges are important to maintain margins. Shipment consolidation capabilities in retailers' order management systems will be particularly important due to the high cost of shipping goods in low density regions. Features like shipping rate brokering are also recommended.

Aside from the obvious recommendation that more Nordic retailers embrace an omni-channel strategy, several others are notable. Although 50.0% of click and collect merchants advertise it on the first page, 50.0% offer the service but only announce it in the final stage of the sale! For a competitive market, click and collect services need to be announced prominently. Even among those highlighting in-store pickup options, almost all sites merely showed a small 'online pickup' note on page. Differentiating a retail brand can be as simple as posting a small ad on the front page highlighting the convenience, speed and ease of in-store pickup orders.

Surprising is that most retailers only offer two pickup option (in-store) at 82.6%. This is good, but can be better. Be it a pickup locker, curbside pickup, or pickup at a postal outlet - there are convenience options that customers may appreciate. Today, none of the merchants researched for the Nordics Omni-1000 offer three or more options. Remember, these steps ultimately reduce the cost of shipping goods. To make sure customers appreciate the service, and become repeat omni-channel shoppers, they must have an experience worth discussing. Fortunately, most Nordic retailers commit to an order being available for pickup within 24 hours. Most concerning are the 6.7% of merchants that commit to orders being available for pickup over two days after the order is placed! Some state that orders will be available within 3 - 7 days. This is absurd! Most items can be shipped to a shopper's home within that time frame. Why would a customer want to wait that long for a pickup when their purchase could arrive at their door in the same or shorter time, in urban centres?

Of all the retailers included in the study, 80.0% have basic inventory visibility. It is a good start, but only 13.8% provide detailed information about the exact number of units available at a particular location. On the other hand, 21.7% of click and collect retailers provide detailed inventory information. It is an improvement, but this figure should be greater than 70% - 80% (ideally 100%). A robust order management system (OMS) provides real-time inventory visibility across all channels and inventory locations. More retailers need to demand this capability of their OMS / DOM vendors.

Most return policies in the Nordics (78.8%) are clear, and jargon free. This is a major improvement over the 'legal-speak' return policies of past years. Restocking fees are a huge Nordic retailer dilemma. Retailers need to work on providing more cost effective return solutions for their customers. On a more positive note, even among multi-channel retailers, 77.6% allow customers to buy online and return in-store.

There are ample opportunities for Nordic retailers to improve their omni-channel strategies. Since the market is mature, adopting omni-channel practices is needed to survive and thrive. As a market with high online and smartphone penetration, the Nordic retail market is expected to expand its omni-channel adoption within the next two years. Retailers, take heed and get started, if you are not already among the 57.5%.

OrderDynamics is the world's leading Cloud-based Distributed Order Management Systems provider (OMS / DOM). Focused on powering retail fulfillment, OrderDynamics helps clients win over omni-channel retail shoppers. Our OMS systems gives clients capabilities like order orchestration, real-time inventory visibility, intelligent order routing, returns management, customer service, store driven fulfillment, and order shipment consolidations.

OrderDynamics gives merchants advanced options like click and collect, ship-to-store and ship-from-store. We help retailer create seamless brand experiences using your online and physical store assets. Iconic brands including Speedo, Quiksilver, Columbia Sportswear, J.McLaughlin, JYSK, Princess Auto, Bouclair Home, DeFacto, Brown's Shoes, Crabtree and Evelyn, and Wesfarmers, use OrderDynamics technology across North America, Europe, Asia, and The the Nordics.

ORDERDYNAMICS CORPORATION

Visit www.OrderDynamics.com for more information about Order Management Systems and how we can help optimize your Omni-Channel Retail Business

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